



FEBRUARY 7, 2005

REQUEST FOR PROPOSAL

PRIVATE-PUBLIC PARTNERSHIP OF THE Morgan Hill Outdoor Sports Complex

BACKGROUND

The City of Morgan Hill is seeking proposals for a private-public partnership to develop and operate all or portions of the Outdoor Sports Complex. The Outdoor Sports Complex at full build is planned to consist of soccer fields, baseball fields, sand volleyball, basketball courts, playground and other related facilities.

The Morgan Hill Agency/City Council approved a conceptual master plan of the 36 acre site and a phase one plan at their December 2004 meeting. For Fiscal Year 05-06 CIP the Sports Complex has \$2.45million budgeted for phase I construction. The main objectives of the Agency/Council for the project are:

1. A recommended program and a master conceptual design of the sports complex
2. A recommended plan for phase I within the budget of \$2.4million providing viable playing fields.
3. A plan that covers the costs to maintain and operate the complex without city subsidy.
4. A program that supports community and specifically youth sports activities.

The Site

The future Sports Complex encompasses 36 acres of the existing regional soccer complex bordered by Condit, Murphy, Barret and San Pedro Avenues. The Agency/City purchased the site based on the recommendations of the Parks, Facilities and Recreation Programming master plan of 2000. The site is currently leased by the California Youth Soccer Association (CYSA). Council has recently approved leasing the Sports Complex site to CYSA for one more 10-month period ending October 2005.

Program Development

The master program and phase I program was developed by a Youth Sports Sub-Committee during 2004 who revised the previous conceptual design with dedicated field use. The master program was developed with the top priority to meet local youth recreational needs and complement existing programs and field uses at sites throughout the city including school sites. It was desired to have a small tournament venue and the maintenance function and support equipment would remain on site. The committee preferred permanent improvements in the phasing plan.

The **Master Concept Program** incorporates:

Refer to attachment A.

- six soccer fields with one lighted on synthetic turf (football & soccer use)
- two baseball fields (Pony-Colt)
- Bronco field
- batting cages



- three sand volleyball courts
- basketball court
- playground
- two restroom buildings
- concession building
- refurbished administration building
- corporation yard
- connection to the Aquatics Center through parking and walkways

Total Project estimated cost: \$10.65million

Phase One Plan incorporates:

Refer to attachment B.

- six existing soccer fields
- concession/restroom building,
- curb for volleyball courts,
- backstops and fencing up to the dugouts base of four softball/baseball fields
- one baseball field
- included in the costs are demolition, grading, irrigation, electrical infrastructure, some off-sites, chip-seal of existing parking lot, soil prep and irrigation, and seeding of outfields.
- The project costs does not include: infield finish work (infield fines or turf), outfield fencing, bleachers, bases, score booths, lighting, play area, picnic area/"plaza", perimeter fencing, and synthetic turf field. It leaves the well and corporation yard where they exist currently. Some planting of trees and turf areas in the central "plaza" areas between the fields and remaining areas would be in base rock.
- Assumptions for phase one include use of water cannons for irrigation with no inground water system on soccer side; in ground irrigation on ball field side; grading limit to interior areas; conduit installed for future lighting; paving consists of compacted base rock; and contributions from youth sport teams to complete base project.

Phase One Plan estimated cost: \$2.5million

Proposals submitted should address the master program plan as to how those elements will be addressed in the partnership. At a minimum, the partnership should include all of the elements in the phase I plan.

Private-Public Partnership

Proposers should consider the following when developing their proposals:

- It is anticipated that the annual operations cost to maintain the sports fields at \$273,424 with a proposed sport field rental rate of \$11.30/field/hr. at the current levels of park maintenance.
- Agency/City maintenance assumptions are that the ball field users will take care of the infields; soccer user groups will replace nets; and volleyball groups will groom and replace sand. City will



contract for maintenance and city custodial staff will be responsible for building and restroom areas and community open use areas.

- The city-operated model does not take into consideration fee generation from tournament play, adult league play, community use, or special events, which could generate revenue to offset the sport field cost/hr. These factors could reduce the hourly rate of the fields to non-profit youth organizations
- Another option that was considered is the concept that the local youth non-profit groups would form an alliance and lease use of the field areas of the complex from the agency/city, or partner with the city in the operations of those areas. This concept is being explored by the groups so there may be submitted an operating model that reviews this partnership potential as a combined private-public-nonprofit model.

Summary

Proposers should develop a proposal which best meets the following objectives:

- Expand recreational opportunities for the local community; especially youth
- Provide an business model that will cover 100% of the maintenance and operations funding of the complex
- Encourages youth league use of the complex while covering operations and maintenance costs
- Provide community access to the facility
- Provide schedule and fee rate review by the city
- The Master Plan and phase I plans will be the base program.
- If the public-private partnership route is pursued, there is realization that the construction cost estimates will need to be reviewed as the total public square footage will be reduced, which will lower some costs.

B) PROPOSAL CONTENT AND SUBMITTAL REQUIREMENTS

Private operators submitting a proposal should provide five (5) copies of the following information no later than **5:00 p.m. on Friday, March 11, 2005** to: City Clerk's Office, Attention: Julie Spier, Recreation & Community Services Manager, City of Morgan Hill, 17555 Peak Avenue, Morgan Hill, CA 95037. One of the copies should be unbound.

The following information is requested for this Request for Proposal:

1) General Information

- < Cover letter on company letterhead including your name, your company and/or project team members and explanation of business ownership structure.
- < Provide a detailed narrative description of your proposed project including the site layout and program as well as the business operation. Please ensure that your description is comprehensive, so the selection committee can completely evaluate your proposal.
- < Information regarding your project team's qualifications and experience, including your teams



experience in developing similar projects.

- < Letter of authorization to submit the proposal

2) The Project Site and Program Plans

- < Proposed conceptual building footprint, a preliminary floor plan, and a preliminary site plan. Drawings do not need to be drawn to scale and can be black & white sketches.
- < Program and business plan with a section detailing how the plan does not compete with the proposed Indoor Recreation Center program and cost recovery goals.
- < Program elements are required by the City as depicted in the master plan and phase one plan. See attachment.
- < Business plan including any market strategy and sponsorships to offset capital and operating costs.
- < Responses to the attached tables.

3) Project Construction and Operating Costs

- < Preliminary detailed development budget for the project.
- < Preliminary detailed stabilized operating budget for the Project including debt service/lease payments and net cash flow.
- < Include any marketing strategy and sponsorships to be used to offset capital and/or operating costs.

4) Project Pro-Formas

- < Proposed financing plan including any committed financing sources and financing terms (e.g., letter of credit, preliminary financing commitment letter, lease agreement, etc.).
- < Proposed sources and uses statement for the project including developer contribution to the project (i.e., equity, in-kind contributions)
- < Preliminary detailed proposal to the Agency/City as to operational cost recovery, lease payment structure with the capital support for the project's development.

5) Role of Agency

- ▶ Your narrative should include the proposed lease amount and general terms and conditions for the lease. Your development and operating pro-formas should accurately reflect the lease rate amount you are proposing in this section. Responses such as "to be negotiated" will not be considered responsive.
- ▶ Please indicate if your proposal contemplates any assistance from the Agency/City. Include any specific assistance requested of the Agency and/or City to make your proposal feasible such as expedited planning approvals or financial assistance. If you are requesting financial assistance, please specify the amount and type of assistance needed and the basis for the need. The intent is to provide the Agency/City with an "order of magnitude" of potential assistance required. Please indicate if you intend to apply for any existing Agency/City programs such as fee financing



programs. Financial assistance requests will be evaluated based on the merits and economic feasibility of the proposal. You may request financial or non-financial assistance from the Agency/City. You can also make several alternative proposals for this assistance, to be negotiated in the exclusive right to negotiate phase.

- ▶ If selected for the project, your firm will be required to enter into an Exclusive Right to Negotiate (ERN) agreement with the Morgan Hill Redevelopment Agency for the development of the Outdoor Sports Complex. An ERN is an agreement in which both parties exclusively negotiate for a set period of time. During the ERN period, the Agency and selected proposer would negotiate the specific business terms for the project. The specific business terms would then be incorporated into a Disposition and Development Agreement (DDA) or Owner Participation Agreement (OPA) with the Developer and brought to the Agency/City for approval at a public hearing. As part of the exclusive right to negotiate the selected proposer will be required to provide a good faith refundable deposit of \$20,000 due prior to the start of negotiations.

. 6) Demonstrated Financial Capacity of the Developer to Perform

- < Provide evidence of your financial capacity to undertake the project including:
 1. Current and immediately past annual financial statements (totaling 3 years), tax returns, and/or other evidence that supports your ability to perform and secure the financing for this project. If unavailable, your investment plan to generate capital equity may be substituted.
 2. Business plan, if available, or narrative on how the business and facility will be operated, and the market factors that will support its success.
 3. If applicable, examples of similar projects you financed and/or developed including overall project costs and financing sources.
 4. Documentation that the financial resources are available for this project such as detailing investor commitments. For confidentiality, this may be submitted in a sealed envelope marked confidential for city staff's review only.
 5. A narrative or other evidence documenting and describing the final business ownership structure (e.g., partnership or limited liability corporation).

7) Schedule

- < Provide a project time-line containing proposed dates for key milestones such as due diligence period and completion of construction drawings. Time lines can be general and use weeks as opposed to specific dates.
- < Acknowledgement that any project will be subject to environmental study.

8) Outdoor Sports Park Plan

- < Narrative describing how the proposed project meets the intent of the outdoor sports complex plan to provide community use and youth league sports venue.
- < Description as to how the elements (sport fields requirements) will be incorporated into your



overall project plan.

< The mix of community use and regional use in order to meet financial goals.

C) THE SELECTION PROCESS

Proposals will be evaluated based on, but not limited to, the following criteria:

1) Outdoor Sports Complex

- Extent to which the proposed project conforms to the goals and objectives as well as the design guidelines of the Outdoor Sports Complex plan.
- Extent to which the proposed project incorporates the goals of the project with additional youth sports participation and off-setting operational costs of the entire complex.
- Extent to which the proposed project's conceptual design creates synergy with the outside areas and joint use of facilities.
- Potential for the project to encourage increased use of the complex and businesses along the corridor route.
- Extent to which the proposal fits the image of Morgan Hill, especially incorporating with the Aquatics Center, including your expectations of the operating schedule of the Aquatics Center.
- Extent it meets community and youth programming needs.

2) Financial

- Total potential financial cost to the Agency (e.g., lease revenue rate less any financial assistance)
- Overall financial feasibility of the Project.
- Financial capacity of proposer to perform.
- Sales tax revenue generated and jobs created.
- Return on investment to the proposer.
- Feasibility of the financing plan for this project.
- Lease terms.
- Extent it minimizes the impact to the Indoor Recreation Center operating and cost recovery goals.

3) Other

- Experience/qualifications of development team in developing similar projects
- Schedule for development.
- Extent to which it meets the goals of the phase I plan.
- Extent to which it meets the goals of the master plan.
- Effectiveness of utilizing sponsorships to fund operations and maintenance or capital.

D) PROPOSAL SELECTION SCHEDULE

Selected developers will be invited to an interview by a selection committee consisting of representatives of the City Council, Parks and Recreation Commission, and City staff. The selection committee will make a recommendation to the City Council based on the interview and evaluation of the submitted materials.



The following is the tentative schedule for the RFP:

Proposals Released:	February 7, 2005
Proposals Due:	March 15, 2005
Review/Interview Process:	March/April 2005
Agency Board Selects Partner:	April 2005
ERN Approval by Agency Board:	June 2005

If selected for the project, your firm will be required to enter into an Exclusive Right to Negotiate agreement with the Morgan Hill Redevelopment Agency for the development of the Outdoor Sports Complex. During the ERN period, the Agency and selected proposer would negotiate the specific business terms for the project. The specific business terms would then be incorporated into a Disposition and Development Agreement (DDA) or Owner Participation Agreement (OPA) with the Developer and brought to the Agency for approval at a public hearing. As part of the exclusive right to negotiate the selected proposer will be required to provide a good faith refundable deposit of \$20,000 prior to the start of negotiations.

E) OTHER INFORMATION

Proposers should note that the project will be subject to all applicable local, state, and federal laws, and to regulations regarding redevelopment funding, including prevailing wages and non-discrimination restrictions.

The Agency reserves the right to reject any and all submittals.

The Agency is not responsible for any costs incurred by proposers in the preparation of a response to this RFP.

Proposers should be aware that the Agency, as a public entity, cannot guarantee the confidentiality of information contained in the RFP submittal. While the Agency will attempt to maintain confidentiality of submitted materials, proposers may choose not to submit some information requested in the RFP. If such an instance occurs, the affected proposers should note for the reviewers the specific information purposely withheld. They should also be aware that their proposals will be evaluated solely on submitted materials and the interview by the selection committee, so proposals must contain sufficient information for the selection committee to make informed decisions.

For further information, questions or to arrange for a site visit, please contact

Julie Spier
Recreation & Community Services Manager
City of Morgan Hill
17555 Peak Avenue
Morgan Hill, CA 95037
(408) 779-7271



PLEASE ANSWER THE FOLLOWING QUESTIONS AND SUBMIT WITH YOUR PROPOSAL PACKET

Proposals which do not include this completed table will not be considered further.

	Yes	No	Comments or Explanation (attach additional sheets as necessary)
1. City operations and maintenance costs associated with the public site are addressed by: a. Lease payment b. Direct management c. Not at all			
2. Does your proposal support multi-sport use of the facility?			If yes, which sports:
3. Does your proposal provide 100% funding coverage of the operations and maintenance functions of the complex?			If no, explain how the deficit is to be covered?
4. Able to provide the \$20,000 deposit in order to enter into the ERN?			
5. Does your proposal have expectations of the Aquatics Center?			If yes, explain what the expectation is:
6. Development team experienced in developing leisure/recreation projects?			
7. Does your proposal make community & youth league use of the facility a priority?			
8. Are you proposing any additional capital funds to the project for public amenities?			
9. Will you expand on the Phase One plans?			
10. Are you requesting the City build and finance beyond Phase I at this time?			
11. Will youth sport groups operate their concession areas?			If no, do you propose an alternate way for them to raise funds?
12. Will your proposal provide profit-sharing or other revenue enhancement for the City?			If yes, explain.
13. Will operations be managed by: a. A private commercial provider b. A private-public partnership c. A non-profit provider			



	Yes	No	Comments or Explanation (attach additional sheets as necessary)
14. Does the City have a role as operating partner?			If yes, explain.
15. Do you have a minimum land acreage requirement?			If yes, explain.
16. Will amenities be co-located, so they may be used by indoor and outdoor users?			
17. Does your proposal include partnering with the City and/or youth sport leagues for: a. Scheduling? b. Facility access? c. Fee/rate control?			
18. Does your proposal include the following elements:			If yes, explain how your facility will not compete with the City's Indoor Recreation Center Project
a. Gym			
b. Fitness Room			
c. Aerobics Room			
d. Youth/Teen Room			
e. Indoor Pool			
f. Rock Climbing Wall			
g. Skate Park			
h. Multi-purpose Room			
i. Child-care room			
j. Computer Room			
k. retail area			If yes, how will it not compete with the Aquatics Center?
l. food area			If yes, how will it not compete with the Aquatics Center?
19. Does your program provide or complement these base program elements established in the Master Plan			If yes, explain
a. 5 ball fields			
b. 6 Soccer fields			
c. 3 Sand Volleyball Courts			
d. Basketball Court			
e. Batting Cages			
f. Play Area			
g. outdoor sport areas			



RECREATION AND COMMUNITY SERVICES DIVISION

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CITY OF MORGAN HILL

